(c) the details of credit flow for agriculture during 2006-07 as compared to 2005-06;

(d) whether Government has identified major bottlenecks in the smooth flow of credit; and

(e) if so, the remedial steps taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The credit flow of Cooperative Banks has been increasing consistently in absolute terms, however, their share has declined in terms of percentage due to the rapid growth in credit flow achieved by the Commercial Banks and Regional Rural Banks.

(Rs. in crores)

Agency	2003-04	2004-05	2005-06	2006-07*
Cooperative Banks	26,875 (30.90%)	31,231 (24.92%)	39,404 (21.83%)	42,480 (20.90%)
Total credit flow	86,981	1,25,309	1,80,486	2,03,296

** Figures provisional*

Figures in percentage represent the shares of Cooperative Bank in total credit flow.

The Cooperatives, over the years developed a number of structural, organizational, managerial and financial weakneses which have hampered their capacity to purvey ground level credit. However, Government had announced a Revival Package for revival of Short Term Cooperative Credit Structure, which is under implementation.

(d) and (e) The Working Group on 'Outreach of Institutional Finance and Cooperative Reforms' set up by the Planning Commission ahs identified the major bottlenecks in smooth flow of credit. These are, *inter-alia,* as under:-

- Higher effective cost of borrowing prevents a large number of customers from accessing institutional credit.
- The single most important constraint faced by the rural poor is provision of suitable collateral to banks. Many of the farmers have virtually no collateral.
- Lack of adequate risk mitigation products to cover production and income risks of farmers.

The Government has intiated number of steps as remedial measures. These include—

- Commercial Banks and Regional Rural Banks have been advised to finance 50 lakh new farmers during the year.
- The Government of India has stipulated a target of Rs. 2,25,000 crore for credit flow to agriculture by all the banks during 2007-08.
- Banks have been advised to provide all eligible farmers with Kisan Credit Cards to enable them to have hassle free access to credit.
- Agriculture loans upto Rs. 50,000/- has been made collateral free.

Branches of Private and Foreign Banks in rural areas

796. SHRI T.T.V. DHINAKARAN: Will the Minister of FINANCE be pleased to state: (a) whether Private and Foreign Banks are not willing to set up branches in rural areas; and

(b) the action to ensure their presence in rural areas?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The information is being collected and will be laid on the Table of the House.

Encouragement to Minority-focused Banks

797. SHRI S.M. LALJAN BASHA: Will the Minister of FINANCE be pleased to state:

(a) whether any steps are being taken to encourage Minority-focused Banks by the Reserve Bank of India (RBI);

(b)if so, the details of steps taken in the last six months to call a meeting of Minority-oriented Banks to stabilize and expand their work;

(c) the measures proposed to assist Minority-centred Banks;

(d)the funds earmarked for this purpose in 2007-08; and

(e) the specific steps on Micro-finance by banks for minority community taken by Reserve Bank of India (RBI) in 2007-08?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (e) RBI has already issued a Revised Master Circular on Credit Facilities to Minority Communities dated 05.07.2007 which is available at RBI website *(www.rbi.org.in).* Minority Communities have also been included in the category of 'Weaker Section' for availing credit within the Priority Sector Advances.

Under the Prime Minister's New 15-Point Programme for the Welfare of Minorities. Government has issued instructions to all Public Sector Banks to increase the flow of credit to Minority Communities from the existing level of 9% to 15% over the next three years. 121 Minority Concentrated Districts have also been identified to enhance banking facilities and extend financial services to members of Minority Communities. Banks have been advised to set up Special Cells headed by a Nodal Officer to monitor such programmes.

NABARD and SIDBI have been advised to increase their coverage in public programmes specially for micro finance and women. No separate budget provision has been earmarked by the Government as resources are to be garnered by the banks themselves on the basis of their own road map and action plans.

Nizam Trusts

798. SHRI S.M. LALJAN BASHA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact Government has suggested that Nizam Trust properties be taken over directly by Government;

(b) if so, what are the reasons for proposals to abolish the Nizam Trusts of Hvderabad:

(c) the number of trustees on the various trusts of the Nizam of Hyderabad nominated by Government;

(d) whether there is an alternate proposal to increase the number of trustees nominated by the Government on the diverse Nizam Trust: and

(e) if so, the reasons therefor?